

State of California

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Legislative Change No.

98-19

Bill Number: AB 3

Author: Baca

Chapter Number: 98-1012

Laws Affecting Franchise Tax Board:

Government Code Section 7113.5 and 7114; Revenue and Taxation Code Sections 17053.45, 17053.46, 17268, 23645, 23646, and 24356.8.

Date Filed with the Secretary of the State: September 30, 1998

SUBJECT: Local Agency Military Base Recovery Area/Increase Designations/Modify Hiring Credit/Increase Business Expense Deduction

Assembly Bill 3 (Baca), as enacted on September 30, 1998, made the following changes to California law:

Section 7113.5 of the Government Code is amended.

This act allows Trade and Commerce Agency (TCA) to designate three additional Local Agency Military Base Recovery Areas (LAMBRA) anywhere in this state.

Section 7114 of the Government Code is amended.

This act deletes the requirement that TCA designate the LAMBRA no later than one year from the effective date of its LAMBRA regulations.

Sections 17053.45 and 23645 of the Revenue and Taxation Code are amended.

This act deletes the January 1, 2003, sunset date from the LAMBRA sales or use tax credit and instead ties the qualified use of the incentives to the designation period of the LAMBRA, thereby making the LAMBRA tax incentives more like the enterprise zone tax incentives and ensuring that the incentives do not expire before the designation period.

Sections 17053.46 and 23646 of the Revenue and Taxation Code are amended.

This act deletes the January 1, 2003, sunset date from the LAMBRA hiring credit and instead ties the qualified use of the incentives to the designation period of the LAMBRA, thereby making the LAMBRA tax incentives more like the enterprise zone tax incentives and ensuring that the incentives do not expire before the designation period. This act also technically changes the hiring credit definition of "qualified disadvantaged individual" to replace language regarding the federal Targeted Jobs Tax Credit Program, which has been repealed, with language to mirror the requirements of that program.

Sections 17268 and 24356.8 of the Revenue and Taxation Code are amended.

This act deletes the January 1, 2003, sunset date from the LAMBRA business expense deduction and instead ties the qualified use of the incentives to the designation

Bureau Director

Date

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period of the LAMBRA, thereby making the LAMBRA tax incentives more like the enterprise zone tax incentives and ensuring that the incentives do not expire before the designation period. In addition, this act increases the amount of the allowable business expense deduction to mirror the amount allowed to businesses that operate within enterprise zones: 40% of the cost, which is limited to a range of \$100,000 for the taxable year of designation to \$50,000 for the fourth taxable year after designation.

NOTE: The act inadvertently did not delete the December 1, 2003, repeal date at the end of Section 17268, although the January 1, 2003, sunset date was deleted. Clean-up legislation likely will be sought next year to delete this repeal date.

The changes made to the Revenue and Taxation Code by this act apply to taxable or income years beginning on or after January 1, 1999. The changes made to the Government Code by this act are effective January 1, 1999.

This act will not require any reports by the department to the Legislature.